



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**ISSUANCE OF DIRECT LEASE -- HELICOPTER CONSULTANTS
OF MAUI, DBA BLUE HAWAIIAN HELICOPTERS, LIHUE AIRPORT KAUAI**

REQUEST:

Issuance of direct lease to Helicopter Consultants of Maui, dba Blue Hawaiian Helicopter for development, construction, operation, and maintenance of a fixed base operation at Lihue Airport.

APPLICANT:

HELICOPTER CONSULTANTS OF MAUI, DBA BLUE HAWAIIAN
HELICOPTERS, a Hawaii corporation authorized to do business in the State of Hawaii

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended

LOCATION AND TAX MAP KEY:

Portion of Lihue Airport, Lihue, Island of Kauai, identified by Tax Map Key: 4th
Division, 3-5-01:Portion of 8

AREA:

Area/Space No. 004-135, containing a land area of 19,912 square feet of improved/unpaved general aviation land, as shown and delineated on the attached map labeled Exhibit B

ZONING:

State Land Use: Urban
County: Industrial (IG-STP)

LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act

DHHL, 30% entitlement lands Yes _____ No X

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Development, construction, operation and maintenance of a fixed base facility

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

Upon execution of the documents

ANNUAL GROUND RENTAL:

First Five (5) Years (Lease Years 1 to 5): \$7,964.80 per annum, payable in monthly installments of \$633.73, in advance, based upon the present ground lease rental rate of \$.40 per square foot per annum for improved/unpaved general aviation land at Lihue Airport.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

For the second and third five (5) year periods the ground lease rental shall be 115% of the previous five year rental. For the fourth five (5) year period the lease rental reopening period shall be determined separately when due at the time of reopening, in accordance with provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the

Department of Transportation, however, the land rental for each year shall not be less than 115% times the annual rental for the last year of the immediately preceding five-year period. For the fifth year period the ground rental shall be 115% of the preceding five-year period. For the final five-year period the rental shall be determined using the same formula as was used for the fourth five-year period as shown above.

PERFORMANCE BOND:

Sum equal to the annual land rental in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

The Lessee shall, within twelve (12) months after the commencement date of the Lease invest the sum of not less than \$300,000.00 for upgrading and improving the leased premises and constructing a fixed base facility improvements and other accessory leasehold improvements on the leased premises. The upgraded and improved leased premises and fixed base facility improvements shall be constructed in accordance with construction plans, drawings, and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

WAIVER OF RENT:

Ground lease rents payable to DOT shall be waived at the beginning or commencement date of the Lease for: (a) a period of twelve (12) months; or (b) until the Lessee first physically occupies and uses the demised Premises for the stated purpose(s) or use(s) after receiving or being given such right by DOT, whichever occurs first.

PROPERTY CHARACTERISTICS:

Utilities:	All utilities are available at the site
Improvements:	Helicopter Consultants of Maui, dba Blue Hawaiian Helicopters desires to develop, construct, operate and maintain a fixed base facility on the proposed leased premises.

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Environmental Assessment for Lihue Airport Ahukini Road Realignment and General Aviation Subdivision dated March 6, 1997.

This Environmental Assessment evaluated the environmental effects of the recommended Airport Plan to realign Ahukini Road and the development of a General Aviation Subdivision. The assessment was prepared by the State of Hawaii, Department of Transportation, Airports Division.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

In accordance with Section 171-59(b), HRS, relating to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to Helicopter Consultants of Maui, dba Blue Hawaiian Helicopters for the purpose of developing, constructing, operating, and maintaining a fixed base facility.

RECOMMENDATION:

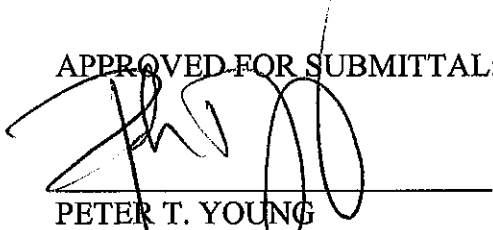
That the Board authorize the Department of Transportation to issue a direct lease to Helicopter Consultants of Maui, dba Blue Hawaiian Helicopters, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,



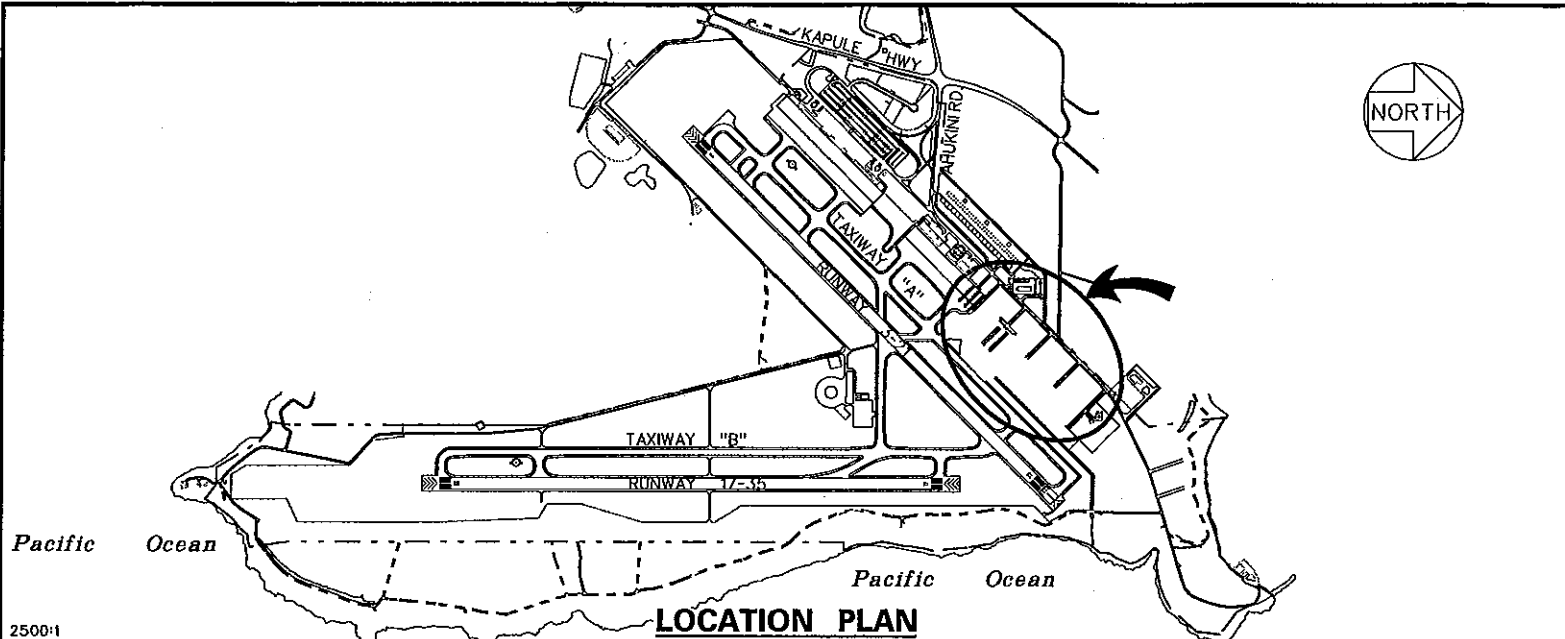
RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:

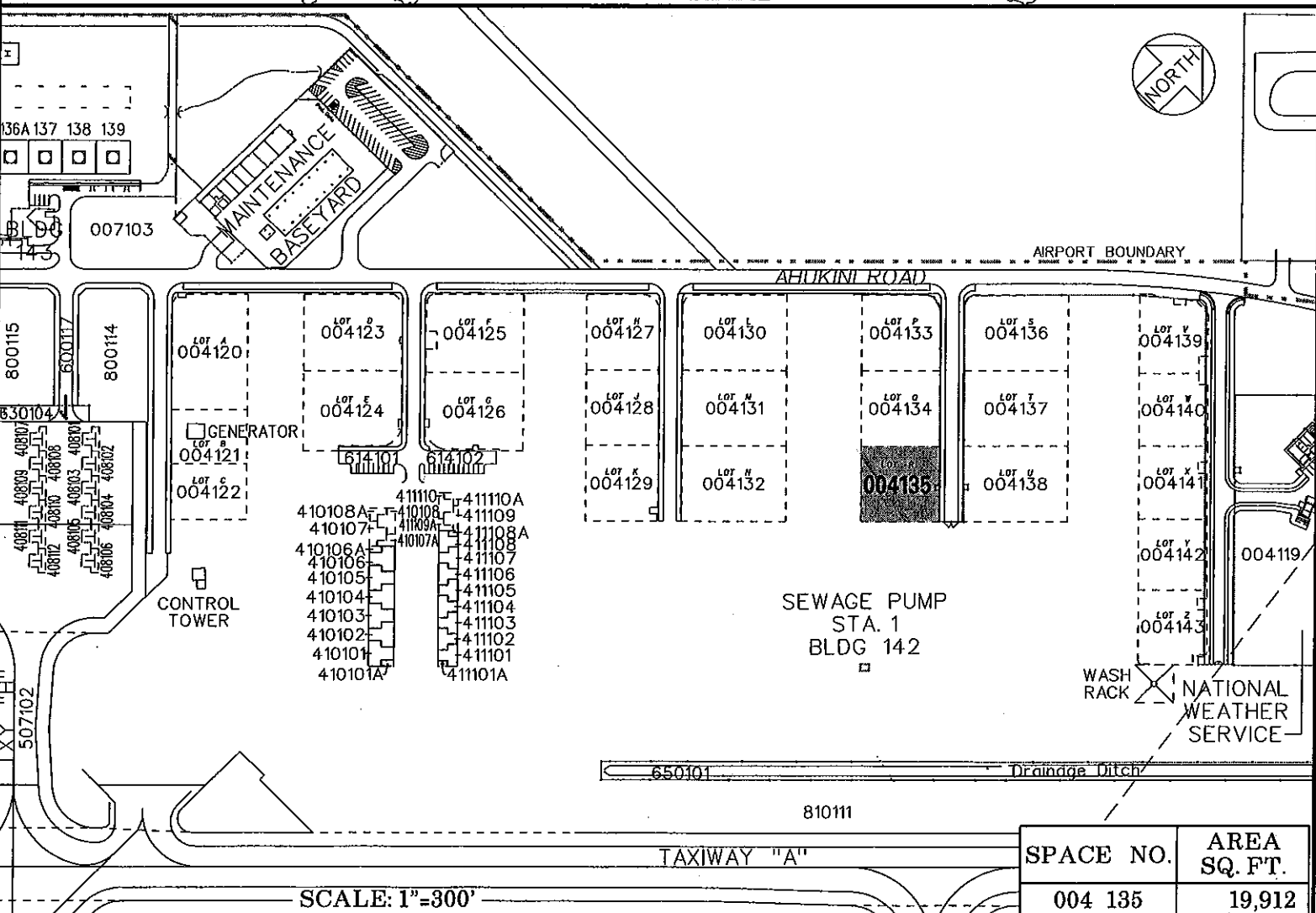


PETER T. YOUNG

Chairperson and Member



LOCATION PLAN



SCALE: 1"=300'

SPACE NO.	AREA SQ. FT.
004 135	19,912

DATE: OCTOBER 2006

EXHIBIT: **B**

**Airports Division**

HELICOPTER
CONSULTANTS OF MAUI
dba BLUE HAWAIIAN
HELICOPTERS

LOTS
FBO SUBDIVISION

004-135

PLAT 35

~~LIHUE AIRPORT~~

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